

CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION
TASK FORCE ON THE POLITICAL REFORM ACT
MINUTES OF MEETING
August 30, 2010

1. **Public Comment.** This portion of the meeting is reserved for comment on items not on the agenda. Under the Bagley-Keene Act, members cannot act on items raised during public comment, but may respond briefly to statements made or questions posed or request clarification.

Moved to end of meeting.

2. **Welcome.** Fair Political Practices Commission Chairman Dan Schnur will make opening remarks.

Chairman Schnur stated that he wanted recommendations to provide to the Commissioners and to the legislature. His goals were to:

- --Simplify and streamline
- --Make political process more accessible/make the system work as it was intended

The Chairman introduced Governor Schwarzenegger

The Governor stated that the task force is a bi-partisan team of committed professionals that is committed to campaign finance reform. He stated that after Chairman Johnson stepped down, the Governor was contacted by people telling him not to fill the FPPC Chairman seat.

He said that Legislators are not committed to reform. However, he has been fighting for open primaries and new methods for redistricting for a long time and will keep fighting and campaigning until he succeeds.

He believed that the rewriting of the Political Reform Act is a bridge to the 21st century. He has been asking for budget, tax, pension reform for seven years – but these things are broken. California spends \$6.5 billion per year on pensions; California needs a rainy day fund for future bad years. California needs tax reform – our system relies too heavily on income tax. The Governor stated that he would not sign a budget without these reforms.

He also proposed that officials should not be able to raise money during the bill-signing period and during /budget negotiations. There is a bill up currently on this point

Chairman Schnur stated the group is full of many different perspectives. Even if the Task Force does not accomplish everything, accomplishing a high percentage is a success.

3. Goals and Objectives. Co-Chairs will discuss the goals and objectives of the Task Force.

Chuck Bell stated that the Task Force would not be plowing all new ground as some previous commissions have forged the way [the McPherson Commission]. The cochairmen have discussed consensus points. They wanted to focus on campaign reporting activity. They wanted to simplify reporting so people and committees can figure it out how to comply. This will make disclosure more effective. The task force will also review reporting forms. Are forms presented in a manner that all people can understand?

Bob Stern then spoke. He stated that he was the co-author of the Act in 1973 and believed at the time that the Act would need updating every five to ten years. To date, the Act has been updated over 200 times by legislature. Mr. Stern was General Counsel of FPPC and discovered that there was no “perfect” initiative. The issues he was concerned about were:

- Electronic filing and reducing the thresholds.
- Having more city and county online filings
- Reform slate mailer laws so that the organizations disclose which candidates pay to be on the slate.

Mr. Bell then stated that Commission regulations might need clarification and examination for consistency. The statutes of the Act might also need modification. He also stated that he would seek the input of the Secretary of State’s Office.

4. Introduction of Task Force members.

All Task Force members introduced themselves.

5. Overview of McPherson Commission Report. Task Force members will discuss the findings of the McPherson Commission, which made previous recommendations on how to revise the Political Reform Act.

Steve Lucas discussed the MacPherson Commission Report.

- The purpose was to perform a major review of PRA (initiated by legislation). It focused on campaign, lobby, 700 disclosure, enforcement, and filing. The members believed that the PRA is too complex, risks people being deterred from participation in the process. The report offered 35 Recommendations to simplify the Act, including:

- Raising committee threshold
- Raising major donor threshold
- Raising itemization threshold
- Eliminate unnecessary reporting
- Create quarterly filing
- Require SOS to educate committees
- The Commission dissolved but nothing happened. He believes this was because there was no buy-in from FPPC or reformers

Bob Stern spoke of MacPherson II

- In 2005, another Task Force was created which focused on online disclosure. However, there was no budget to develop the plan. The new commission recognized that there needed to be improvement in electronic access to campaign information and online disclosure. However, it was difficult to get these reforms through the legislature. Amending the Act takes a 2/3 vote of legislature, and must further the purposes of the Act. Bills must be in final print for 10 days before legislature can act. This time, Mr. Stern would not rule out an initiative in 2012.

Chairman Schnur noted that he was leaving in January 2011. His goal was to present regulatory changes to the commission by December. He did not want to re-do the previous commissions' work, but build from them. Neither prior report had a plan designed to create action.

LeeAnn Pelham stated:

- One goal should be the development of a searchable system of on-line filing for locals. She would exclude measure committees.

Michael Martello stated:

- The drafters assumed that gifts would be part of public life. However, cities would like to look at giving up gifts altogether. Should the PRA be the law of the land for locals as well? The Task Force should also look at small cities (less than 25,000 people). Another huge problem is with the regulation of independent expenditures.

Bob Stern stated:

- The PRA is not a one-size-fits all – if locals want to develop their own laws, they can. More than 100 cities have already done so. Raising thresholds makes 'no disclosure' the norm in small jurisdictions.

[Unknown speaker]

- Locals need guidance
- What do we do with online campaign ads?

Hyla Wagner discussed the Internet subcommittee findings.

Gary Winuk stated that the conflict of interest provisions need reforming, but he was not sure if the Task Force was looking at micro or macro issues.

Fred Keeley stated that they need a model of best practices from other states.

Bob Stern stated that such resource were available on campaigndisclosure.org.

Joe Rodota wanted to know what the actual problems are from an enforcement standpoint.

Darius Anderson stated that the Task Force needed categories of discussion points. It needed to limit itself. Fund-raising, bundling and disclosure, and reporting systems needed to be addressed.

Jeanine English stated we could find the noncontroversial areas and agree on those.

Public Comment from Item 1

- A representative from the California Broadcast Association stated that new advertising platforms suggest that a one-size-fits-all approach will not work.
- Lee Welter stated that monopolies do not produce the best ideas and that there are more than two political parties. “Bipartisan” is a monopoly.
- Kim Alexander stated that initiative Committees should have to file within 10 days of establishing. She also suggested they should seek to avoid inadvertent disclosure and expand electronic filing.
- Neil Gould, the General Counsel at the Department of Water Resources said that revolving door, conflict of interest, and gifts issues were important.
- Dana Reeder stated that City Council races were important and characterization of general purpose and primarily formed committees. Ms. Reeder stated the public needs disclosure. The public also needs to know where someone is getting their money.

6. Determination of Scope. Task Force members will identify the areas of the Political Reform Act they will examine for revision.

The co-chairs asked that the Task Force members submit their ideas to the co-chairs.

7. Announcement of future Taskforce meetings.

Before terminating, Scott Hallabrin explained the open-meeting laws and that since the Task Force is a state body, it had to notice meetings 10 days in advance. Therefore, agenda items

had to be provided to the co-chairs before 10-day notices were issued. Decisions must all be made in open/public comment forum and the Task Force must avoid ‘serial meetings’ – avoid talking with a majority of members.

8. Concluding remarks. Chairs, Bob Stern, Chuck Bell

The co-chairs offered their appreciation to the Task Force members for their participation and their hopes that they will be able to move forward with important updates to the Political Reform Act.